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T E S T I M O N Y

To: Senate Economic Development, Housing and General Affairs
From: Mathew Barewicz, Director of Economic & Labor Market Information,
Vermont Department of Labor
Date: February 17, 2021
Subject: Testimony on Impacts to Trust Fund Based on UI Proposals

The Economic and Labor Market Information Division has prepared the following information. The table and graph below model “Proposed Change Committee” (or “Committee”) which includes the Administration’s proposal but in addition, adds a 20% increase to benefits during SY2022 (July2021-June2022). The mechanism to increase the benefits is yet to be determined. To be clear, the Department has prepared this data at the request of the Committee. The Administration opposes increasing the weekly benefit amount.

The Administration’s proposal (or “Administration”) called for freezing the taxable wage base (TWB) for one year, freezing the tax rate schedule (TRS) for one year and limiting an increase to the tax rate schedule to a maximum of two schedules in any subsequent year.

Both the Administration’s proposal and Committee’s proposal are directly comparable to the baseline Unemployment Insurance (UI) Trust Fund (TF) forecast (or “Baseline”) prepared and submitted as part of the 2021 annual legislative report on the status of the UITF. The last page of this testimony shows three graphs comparing the forecasted contributions, benefits and the year-end UITF balance in each of the three scenarios currently being discussed. This includes the “Baseline” forecast from the UITF annual report and the two proposals described above (“Administration” and “Committee”).



Unemployment Insurance Trust Fund Forecast - 2020-2031

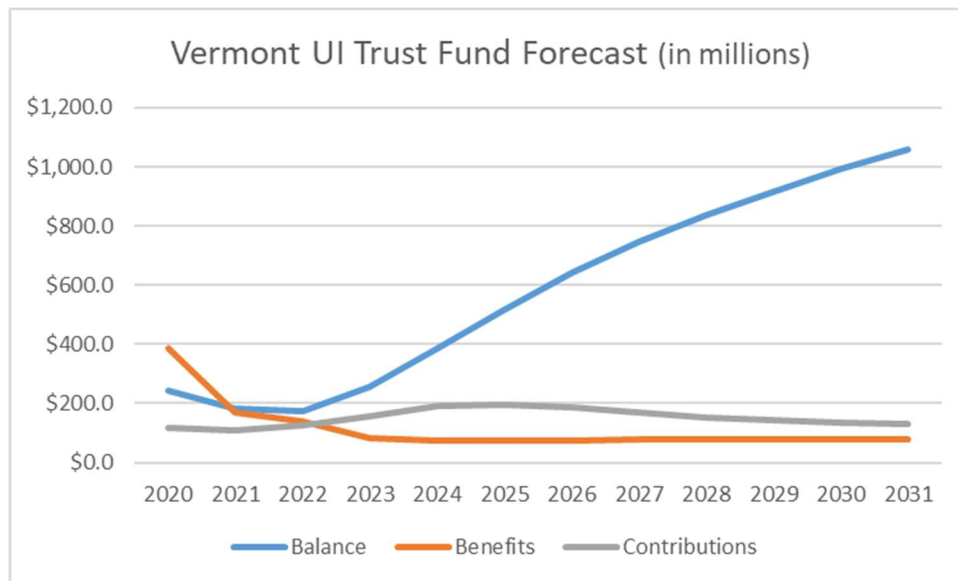
Feb-2021

Proposed Change Committee - Admin. proposal and +20% to benefits SY2022

Year	UI TF Balance	CLAIMANTS		EMPLOYERS		
		Benefits Paid	Maximum Weekly Benefit	Contributions	Tax Rate Schedule	Taxable Wage Base
	[a]	[b]	[c]	[d]	[e]	[f]
2020	\$241.7	\$387.4	\$531	\$117.3	I	\$16,100
2021	\$183.8	\$171.0	\$550	\$108.3	I	\$14,100
2022	\$175.2	\$141.1	\$569	\$126.7	III	\$14,100
2023	\$257.9	\$83.2	\$589	\$158.4	V	\$14,600
2024	\$386.0	\$74.8	\$610	\$193.2	V	\$15,100
2025	\$518.5	\$75.6	\$631	\$197.1	V	\$15,600
2026	\$641.9	\$76.3	\$653	\$187.2	IV	\$16,100
2027	\$747.9	\$77.1	\$676	\$169.3	III	\$16,700
2028	\$836.0	\$77.9	\$700	\$150.9	III	\$14,700
2029	\$917.2	\$78.6	\$725	\$143.3	II	\$15,200
2030	\$991.7	\$79.4	\$750	\$136.1	II	\$15,700
2031	\$1,059.4	\$80.2	\$776	\$129.3	I	\$16,200

Notes

- [a] in millions of dollars as of the end of the year; includes interest
- [b] in millions of dollars; does not include benefits paid by federal USDOL
- [c] amount adjusted every July
- [d] in millions of dollars
- [e] annual determination effective in July
- [f] annual determination effective in January



Comparison of Three Forecasts

